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20 July 1962

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# CENTRAL INTELLIGENCE BULLETIN



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Japan: The cabinet reshuffle carried out by Prime Minister Ikeda on 18 July is not likely to result in major domestic or foreign policy changes. The new cabinet, composed for the most part of persons who are secondary figures in the ruling Liberal-Democratic party (LDP), represents an attempt by Ikeda to maintain the delicate factional balance which has given his government stability in the past two years. However, the fact that three major factional leaders would not accept reappointment and instead nominated their subordinates for the posts suggests that, along with former Prime Minister Kishi, they will seek early opportunities to undermine Ikeda.

The new foreign minister, Masayoshi Ohira, has had no diplomatic experience. He is an Ikeda protégé from the Finance Ministry, is generally believed to be the architect of Ikeda's tactic of avoiding controversial measures, and since 1960 has done an outstanding job as government spokesman in his position as chief cabinet secretary. Ohira is not expected to go out of his way to seek a settlement with South Korea, inasmuch as there is divided opinion on the issue within the LDP itself.

The Defense Agency post again has been used to dispense political patronage, and it is doubtful that greater emphasis will be given defense matters.



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Laos: Hanoi announced on 19 July that the chargé of North Vietnam's "embassy to the Kingdom of Laos" presented his credentials to acting Foreign Minister Khamsouk Keola on 18 July. The form and timing of Hanoi's announcement suggest a deliberate move to embarrass the South Vietnamese--who are strongly opposed to the establishment of a North Vietnamese embassy in Laos--at the moment they are about to sign the Laotian neutrality agreement in Geneva.

Both Communist and Nationalist China, also vying for diplomatic status, have representatives in Laos attempting to present their credentials. On 18 July, a Pathet Lao broadcast expressed the views of the Communist third of the coalition government when it insisted that "the Laotian people absolutely will not recognize" Nationalist China. [REDACTED]

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\*Meanwhile, Pathet Lao and Kong Le contingents of the recently formed composite battalions in Luang Prabang and Vientiane are in the process of withdrawing to their own territory as a result of Souphannouvong's refusal to permit a unit of Phoumi's forces to be stationed on the same basis in Khang Khay. Phoumi had threatened the arrest of these contingents unless they left by 19 July, but Souphannouvong has promised to withdraw them except for a small bodyguard. [REDACTED] (Backup Page 1)

(Map) [REDACTED]

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Iran: The appointment of Amir Asadollah Alam as prime minister is a clear indication of the Shah's intention to maintain closer control over government operations than he was able to exercise during Amini's tenure. The 44-year-old Alam is in the Shah's entourage, is director of the \$130,000,000 Pahlavi Foundation set up by the Shah, and is one of Iran's largest landowners. As secretary general of the court-sponsored "opposition" party from 1957 to 1960, Alam paid lip service to the need for land distribution and other reforms. Alam's cabinet has not yet been chosen.

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Jordan: [Prime Minister Wasfi Tal is exploiting the recent conviction of two senior officers on corruption charges in his campaign to assert civilian control over the army. He has initiated an investigation into another alleged case of army corruption and plans soon to reorganize the military command system.]

[The army has enjoyed a privileged position as the principal instrument for maintaining the security of the regime. Army Commander-in-Chief Majalli opposes any reduction of army authority and has resisted Tal's proposals for relaxing internal security controls. A possible coalition of Majalli and his army supporters with conservative politicians and prominent merchants who oppose Tal's other reform proposals would provide formidable opposition to the prime minister's program.]

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[King Husayn strongly supports Tal's objectives of eliminating corruption and increasing political freedom, hoping thereby to increase popular support of the regime. However, the King also likes Majalli and needs the army's loyalty. Tal's vigorous efforts to subordinate the army to cabinet control may eventually force Husayn to choose between the two men.]

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[ ] Congo: [ ] UN representative Gardiner flew to Elisabethville on 18 July intending to tell Tshombé that the question of UN roadblocks around that city could be discussed only in the context of an over-all Congo settlement. Gardiner believes Tshombé wants to force the UN to remove all its roadblocks, and that he instigated the 17 July attack by Katangan women to that end. The UN reinforced its barricade involved in that incident and is sending in 400-500 more troops from Leopoldville. [ ] The mood of Africans and Europeans in Elisabethville is reported to be dangerous, and further incidents are likely. [ ]

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Belgium-Congo: [ Ambassador MacArthur in Brussels considers it unlikely that the Union Miniere du Haute Katanga (UMHK), the principal Belgian mining company in Katanga, can be persuaded to suspend its payments to Tshombé. MacArthur recently told high officials of UMHK and its parent company that the outcome of the Congo crisis could be fatal to Belgian interests there, that world opinion blamed Katanga's continued secession on its "massive" UMHK revenues, and that they should not count on UN abstention from force in achieving integration. He urged a declaration acknowledging UMHK's legal obligations to Adoula's central government even if taxes and export duties are paid to Tshombé under duress. The UMHK officials rejected MacArthur's arguments, pleading the exposed position of their installations and employees, and said acknowledgment of Adoula might give Tshombé a pretext to nationalize UMHK. MacArthur concludes that neither he nor Spaak can dissuade the UMHK from continuing to cooperate with Tshombé rather than run the risks they cite. ]

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EEC-Britain: [Prospects for early agreement on the general terms for Britain's accession to the Common Market (EEC) apparently hinge on the outcome of the ministerial-level talks which resume today in Brussels. Cautious optimism that an accord would be reached by the end of July has declined somewhat during the past week, partly because of suspicion that the French position may have hardened and partly because of lack of progress on the crucial issue of markets for Commonwealth exports of temperate zone products. Couve de Murville recently told Ambassador Gavin he expects a "crisis" on this issue by the end of the month and believes two or three months may be required before it is known whether the UK will be admitted to the EEC. Belgium's Spaak has also expressed concern over reports--which he said he believed the French were spreading--to the effect that the UK-EEC negotiations could not be completed before 1964.]

[Although neither Britain nor the EEC has considered it mandatory that the July "deadline" be met, any lengthy delay would upset London's plan to discuss the EEC issue at the Commonwealth prime ministers' conference on 10 September and would give additional encouragement to the increasing British domestic opposition to EEC accession.]

Spain: [ Foreign Minister Castiella indicated to US Ambassador Woodward on 17 July that the Spanish Government is actively preparing a number of reforms in its institutions and policies, and that he expects the recent reorganization of the cabinet to lead to "accelerated economic, social, and political progress." According to Castiella, decree laws to be issued later this year will modernize the Cortes; drastically change the syndicate system, which "obviously has not met the needs of labor"; and "gradually liberalize" the government's policies toward press censorship and the treatment of Protestants. ]

[ These changes probably are being made chiefly in order to offset Spain's reputation throughout Europe as a reactionary state and thus improve its chances for eventual admission to the Common Market. The proposed reforms are also concessions to the growing domestic demand for improvement of social and economic conditions. It is evident, however, that Franco does not intend to bestow an effective political authority upon the Cortes or to extend civil liberties to a degree that could generate popular pressures endangering his regime. ]

[ Castiella also mentioned that Vice Premier Munoz Grandes was given enlarged authority over the armed services in order to facilitate the renegotiations for an extension of US base rights in Spain--which expire in September 1963. The minister also offered to "assist" the US in its Azores base rights negotiations when he visits Lisbon within the next few weeks. ]

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